

# HOUSE BILL REPORT

## HB 1577

---

### As Reported by House Committee On: Capital Budget

**Title:** An act relating to capital projects for local nonprofit art, cultural, heritage, youth, and social service organizations.

**Brief Description:** Concerning capital projects for certain nonprofit organizations.

**Sponsors:** Representatives Lantz, Hankins, Morrell, Jarrett, Moeller, Clibborn, Flannigan, Darneille, Dunshee and Kilmer.

#### **Brief History:**

##### **Committee Activity:**

Capital Budget: 2/10/05, 2/23/05 [DPS].

#### **Brief Summary of Substitute Bill**

- Increases the amount of the alternate project lists for social service Building for the Arts, Heritage, and Community Service Facility projects from \$500,000 to \$2 million and for Youth Recreational Facilities projects from \$500,000 to \$1 million. The alternate project lists must be prioritized.
- Expands heritage capital projects to included humanities projects.
- Removes a restriction that limited grant eligibility for youth recreational projects to facilities used for "nonresidential" services.
- Repeals the expiration date for these programs.

---

### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Blake, Chase, Cox, Eickmeyer, Ericks, Flannigan, Hasegawa, Lantz, Moeller, Morrell, O'Brien, Schual-Berke, Springer and Upthegrove.

**Minority Report:** Do not pass. Signed by 12 members: Representatives Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; DeBolt, Ericksen, Holmquist, Kretz, Kristiansen, McCune, Newhouse, Roach, Serben and Strow.

**Staff:** Susan Howson (786-7142).

## **Background:**

Washington has traditionally provided capital funding to local governments and other entities through a variety of competitive grant programs. Examples of grant programs funded through the state's capital budget include the Building for the Arts program, the Heritage program, the Community Services Facilities program, and the Youth Recreational Facilities program.

Building for the Arts: The Building for the Arts program awards state grants to nonprofit performing arts, art museum, and cultural organizations to defray up to 20 percent of the capital costs of new facilities or major renovations. The Department of Community, Trade and Economic Development (CTED) conducts a statewide competitive grant process every two years to solicit project proposals. A citizen advisory committee, including a representative from the State Arts Commission, assists the CTED by helping establish program policy and reviewing and ranking project proposals. Over the last 12 years, the state capital budget has provided over \$40 million to 112 arts-related projects.

Heritage Program: The Heritage Program awards grants to nonprofit heritage organizations, tribal governments, and local governments to defray up to 33 percent of the capital costs of facilities that interpret and preserve Washington's history and heritage. The Washington State Historical Society (WSHS) conducts a statewide competitive grant process every two years to solicit heritage project proposals. An advisory board consisting of representatives from the Washington Museum Association, the Office of the Secretary of State, the Eastern Washington State Historical Society, and the Office of Archaeology and Historic Preservation establishes program guidelines and reviews and ranks project proposals. Since its inception in 1998, the state capital budget has provided over \$16 million to 53 heritage projects.

Community Services Facilities Program: The Community Services Facilities program awards state grants to nonprofit organizations to help with the capital costs of major renovations or new facilities used for the delivery of nonresidential social services. The CTED conducts a statewide competitive grant process every two years to solicit new projects. The Community Services Facilities Program Advisory Board assists the CTED by helping establish program policy and reviewing and ranking project proposals. Since its inception in 1995, the state capital budget has provided nearly \$22 million to 122 qualifying social service projects statewide.

Youth Recreational Facilities Program: The Youth Recreational Facilities Program is a competitive grant program that funds nonprofit organizations featuring a youth recreational component and a supporting social service or educational component. Funds may be used to construct or renovate nonresidential youth recreational facilities, excluding outdoor athletic fields, and are available on a 25 percent matching fund basis. A citizen advisory committee assists the CTED by helping establish program policy and reviewing and ranking project proposals. The Youth Recreational Facilities program was established by the Legislature in 2003 and is in its first competitive grant cycle.

Capital budget requests for Building for the Arts, Heritage, and Community Service Facility grants must not exceed \$4 million in any biennium. Capital budget requests for the Youth

Recreational Facilities program must not exceed \$2 million in any biennium. The requests may identify an alternate list of projects not to exceed \$500,000 for any biennium.

Statutes pertaining to Building for the Arts, Heritage, and Community Service Facility grants expire on June 30, 2007.

---

**Summary of Substitute Bill:**

Alternate project lists of \$2 million may be submitted for the Building for the Arts, Heritage, and Community Service Facility grant programs. The Heritage program is expanded to include humanities capital projects. The expiration date for these programs is repealed.

An alternate project list of \$1 million may be submitted for the Youth Recreational Facilities program. A restriction that limited grant eligibility for youth recreational projects to facilities used for "nonresidential" services is removed.

**Substitute Bill Compared to Original Bill:**

The substitute bill restores existing law regarding the dollar limits on capital project funding lists for local nonprofit social service, arts and cultural, heritage, and youth recreational grant programs. The cap remains at \$4 million rather than \$8 million for social service, arts and cultural, and heritage projects, and \$2 million rather than \$4 million for youth projects. The substitute bill increases the alternate project lists of the competitive grant programs, rather than removing the alternate lists from statute.

Heritage capital projects are expanded to include humanities projects. In addition, a restriction that limited grant eligibility for youth recreational projects to facilities used for "nonresidential" services is removed in the substitute bill.

---

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** (Original bill) The process for distributing grant monies to local Building for the Arts, Community Services Facilities, Heritage and Youth Recreational Facilities programs epitomizes good capital budgeting. This process includes an objective review by a citizens review panel which submits a prioritized list to the Legislature and the Governor. Removing the sunset provision and increasing the threshold of these competitive grant programs would allow for more community and nonprofit organizations to be eligible to receive funding. This process ensures equal distribution of projects throughout the state. Moreover, community-oriented projects provide jobs within the local communities. This process had made a positive example of the state of Washington.

**Testimony Against:** None.

**Persons Testifying:** (In support of original bill) Representative Patricia Lantz, Sponsor; Peter Donnelly, Arts Fund; Daniel Aarthun, Community, Trade and Economic Development; David Nicandri, Washington State Historical Society; Gary Schalliol, Washington State Historical Society; Amy Bell, YMCA's of Washington, Council of Youth Activities; Karen Munro, Humanities Washington; and Seth Dawson, Washington State Association for Community Action, and Washington State Coalition for the Homeless.

**Persons Signed In To Testify But Not Testifying:** None.